FEATURING BEST PRACTICES OF STATE AGENCIES AND INSTITUTIONS OF THE COMMONWEALTH OF VIRGINIA

Assistive Technology Loan Fund Authority

Department of Rehabilitative Services

implemented this best practice
in September 1997

Qualifying under the Best Practices catalogue	3 Provide Capabilities (or whatever) 33 Provide administration support services (same) 334 Provide facility services (same)

Best Practice Summary
(how it works, how you measure it)

The Assistive Technology Loan Fund Authority (ATLFA) established a revolving loan fund for the citizens of Virginia. The Authority makes affordable loans to people with disabilities, and their family members, for purchases of assistive technology and other equipment that increases their independence, quality of life, and employment opportunities. Loans made through this program feature easier loan approval criteria, flexible terms and low interest rates.

To leverage state resources, the ATLFA has negotiated an agreement with Crestar which allows individuals meeting the bank's loan criteria (Crestar allows greater flexibility in loan criteria for ATLFA applicants) to obtain longer-term loans through Crestar. Qualifying borrowers receive loans at 450 basis points (4-½%) less than Crestar's interest rate due to an ATLFA interest rate buy-down, as well as a reduced rate offered by the bank. For applicants unable to meet the bank's loan requirements but who can demonstrate to the Authority that they are creditworthy and able to repay the loan they are applying for, the Authority may guarantee the loan.

For ATLFA guaranteed loans, the Authority will make payments to the bank when individuals are having problems of repayment, or pay the principal and accrued interest in cases of default. The Authority makes loans directly, or guarantees loans, only when an individual cannot qualify for a loan through a participating financial institution.

The ATLFA will soon begin making direct loans to borrowers who need up to $3,000. The ATLFA will charge 0% interest rate on these loans. A processing fee, equivalent to 5% interest will be charged; however, the ATLFA will waive the fee for applicants living on a fixed income (such as SSI, SSDI, retirement benefits, etc.). This enhancement will increase the ability of families existing on limited income to obtain needed technology.

Impact on the Process Organizational Performance (OUTCOMES)

The impact of a severe disability is catastrophic to the individual and, in many instances, to the immediate family. Financially the impact is no less severe. Many disabilities, such as spinal cord injury, brain injury and cerebral palsy, require extensive periods of rehabilitation. Services, such as personal assistance, may be required in order to allow the person to live independently. Technological devices, including electric wheelchairs, van modifications and environmental control devices, are very expensive and often have limited government or insurance funding available for their purchase. Additionally, the special medical, educational and rehabilitation period for a person with a severe disability may extend for several years during which an individual may be unable to work. Youth with disabilities are similarly impacted with barriers to education, independence and employment that are life long in nature.

Credit financing is an avenue not frequently available to persons with disabilities due to low household income levels (Louis Harris, 1986). According to two Louis Harris polls, two out of every three working age people with disabilities are unemployed. One or two individuals head many families with disabilities whose sole income is Social Security, Pensions, Worker's Compensation or Disability Income.

A funding alternative that supports consumer independence exists as extended term, low interest loans. A flexible loan-financing program allows the individual to access their local credit institutions to get the technology they need in a dignified manner, and to establish a positive credit history, which is essential to community integration.

Dr. Joey Wallace of the Virginia Assistive Technology System, a division of Department of Rehabilitative Services, coordinated the National Study of Loan Financing Practices. This study identified models for states to consider when developing loan programs for assistive technology acquisition by individuals with disabilities of low and middle income. This research led to national and state policy development, and specifically the creation and funding of the Assistive Technology Loan Fund Authority. This research has been critical to the development of 15 similar programs operating in other states.

Best Practice Qualification

The Assistive Technology Loan Fund Authority represents a breakthrough in cost-effectiveness for services for people with disabilities in Virginia. All other disability-related service programs are based on grants and entitlements; by definition, they are non-renewable. The Assistive Technology Loan Fund Authority has initiated the first revolving loan fund in Virginia for people with disabilities. There are 25 programs in other states that have a similar mission. The ATLFA is the second largest of these programs despite being in existence for only two years. It has superior results when compared to like organizations and has been a model for development of similar programs in other states.

As a revolving loan fund, the ATLFA uses funds occasionally appropriated by the General Assembly and may match those dollars with state, federal and private funding. The partnership with Crestar also leverages public funds with those from the private sector. During the past two years, the ATLFA has guaranteed some $660,000 in loans for people who are unable to qualify for credit financing from a bank. However, an additional $450,000 in bank loans were approved through this program without a state guarantee. Thus, state funds have been leveraged by 68% with private sector investments.

The most singularly significant impact on organizational performance is the critical involvement of individuals with disabilities (consumers) in the creation and implementation of these programs, which can be directly tied to program success. Secondarily is the development of public and private partnerships, which bring together consumer driven entities, usually non-profits, with lending partners. Consumers can have direct involvement in loan approval, policy development, and training of customers, etc. This consumer-controlled involvement in overall program operations ensures the responsiveness and flexibility of the program.

In the case of the ATLFA, the Governor of Virginia appoints the twelve members of the Board of Directors. According to the *Code of Virginia*, five Board members are persons with disabilities. The remainder of the Board members includes the Secretary of Health and Human Resources, or designee, the State Treasurer, or designee, bankers, investment specialists and an accountant. The Board typically has between seven and nine members who are consumers, as several Directors who fit other "slots" either have a disability or have a family member with a disability. Thus, the ATLFA is, and has always been, a consumer-controlled organization.

Finally, it should be pointed out that loans from the ATLFA not only enable families to purchase critically needed technology, but they reduce the need for the Commonwealth to pay for those devices through entitlement and other non-renewing state programs.

For Additional Information

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